

INVESTOR PRESENTATION  
28 FEBRUARY 2022

1H FY22

FINANCIAL RESULTS



COMPANY OVERVIEW

1H FY22 RESULTS

GROWTH OPPORTUNITIES

# 1H FY22 Results : Key Highlights

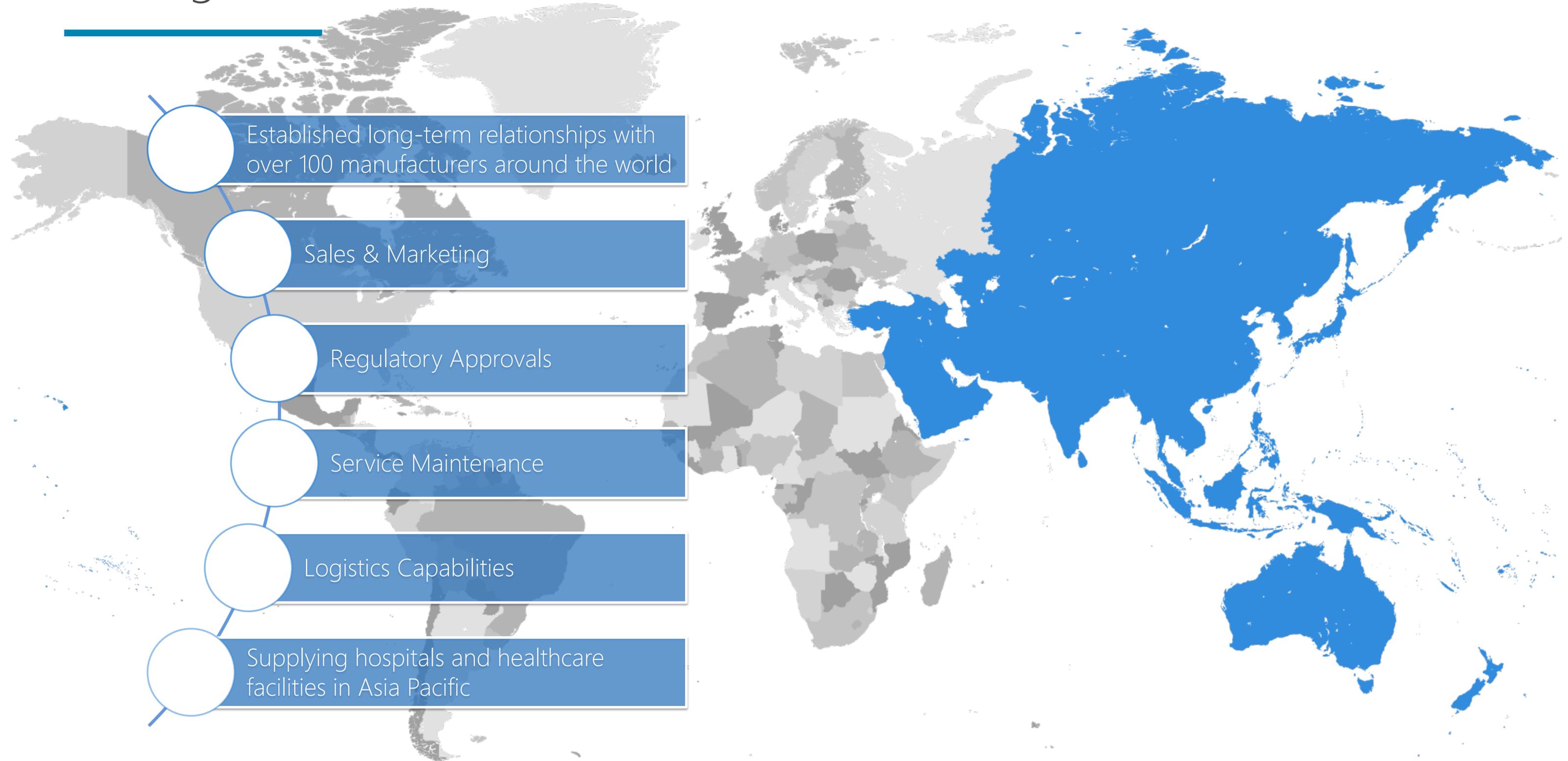
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- Paragon Care underlying EBITDA\* up 20% in 1H FY22 (excluding JobKeeper of \$3m in pcp)
- Paragon Care revenue\* down only 3% on pcp despite the 'stop start' policy on elective surgery by various State Governments
- Paragon Care significant gross margin\* improvement to 42% in 1H FY22, up from 38.7% on pcp
- Successful merger with Quantum Health Group (completed in Feb 2022) will drive Asian growth
- The JV announcement with Centuria Health to substantially grow capacity of the blood reagent sales into China and Asia
- Materially strengthened Balance Sheet (Net Debt/EBITDA from 2.6 times to 1.7 times post merger [based on full year FY21 proforma])
- Appointment of Mark Hooper as Group CEO and MD
- Fully Franked Dividend of 0.6 cents per share

\*Figures represent Paragon Care on a standalone basis, excluding contribution from Quantum Health Group



# Leading medical distribution business in Asia Pacific



# Five pillar structure



*\*Proforma numbers are unaudited and reflect the simple addition of Profit & Loss of Paragon Care and Quantum Health, based on Quantum Health management accounts*

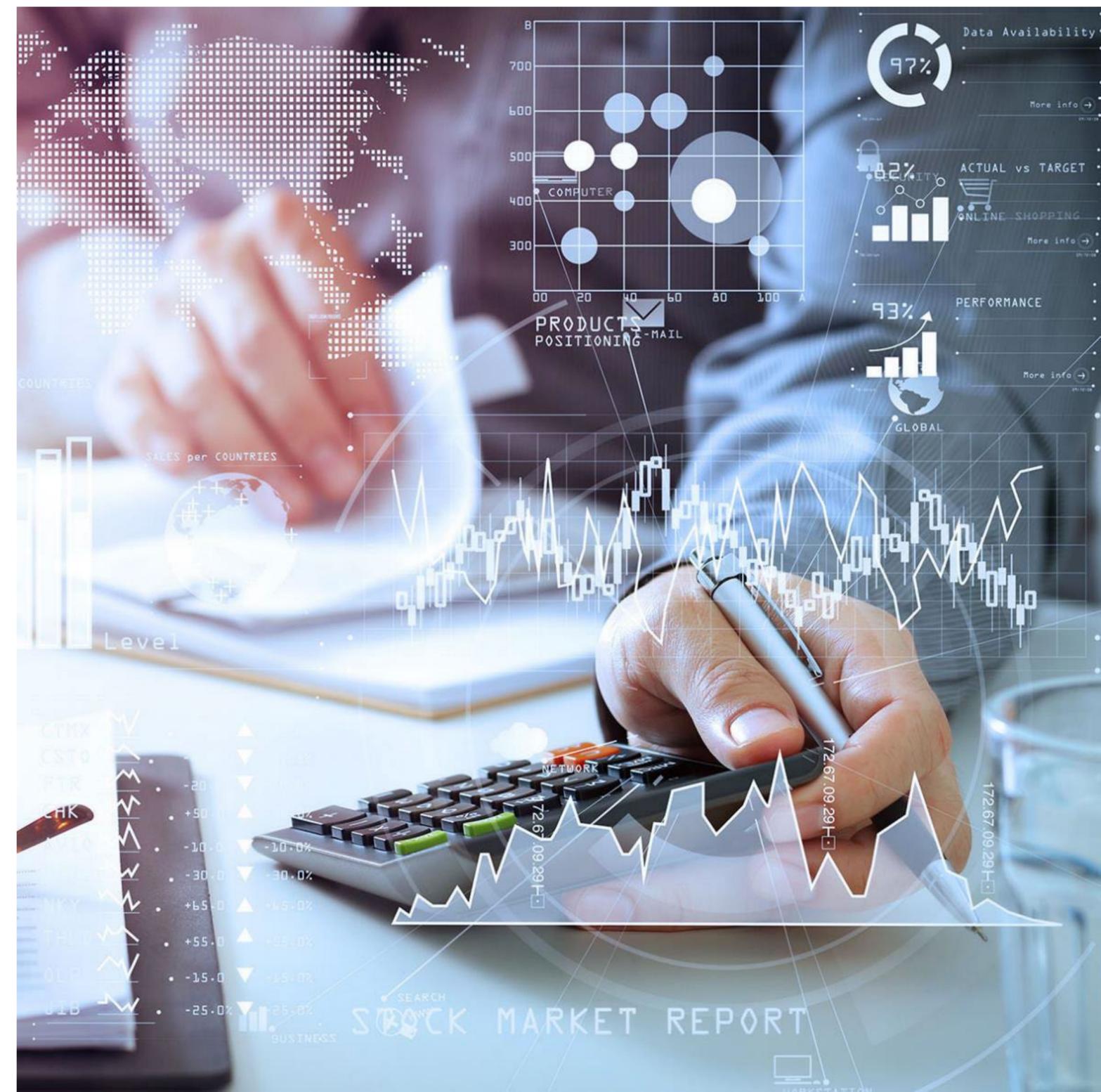
# Proforma 1H FY22 results

	PGC	QTM	Pro Forma Combined Group
Revenue	\$111.3m	\$26.5m	\$137.8m
EBITDA	\$14.1m	\$5.3m	\$19.4m
NPAT	\$5.4m	\$3.7m	\$9.1m
Operating cash flow	\$3.9m	\$5.5m	\$9.4m
Net debt (borrowings less cash & equivalents)	\$69.3m	\$(9.0)m	\$60.3m
<i>Net debt/EBITDA (full year FY21 proforma)</i>	<i>2.6x</i>	<i>n/a</i>	<i>1.7x</i>
Shares on issue	-	-	625m
Employees	423	178	601

*Note that proforma numbers are unaudited and reflect the simple addition of both companies numbers, based on Quantum Health management accounts*

# Share register post merger

Major Shareholders (as at 23 Feb 2022)	PGC
John Walstab	20%
Board & Management (excluding John Walstab)	14.2%
China Pioneer	8.4%
First Samuel Limited	3.9%
Other Shareholders	53.5%
Total Number of Shareholders	7,187



# Merged entity provides strong platform for growth

Cross-Sell	— Cross-sell the combined product portfolio into the high growth Asia Pacific markets
Growth in Asia Pacific	— Enhance growth opportunities in Asia, particularly for Immulab, in Paragon Care's diagnostics pillar
New Suppliers	— Attract new suppliers through a larger distribution footprint and commitment to high levels of corporate governance in Asian markets
Stronger Balance Sheet	— Stronger balance sheet capacity and improved covenants through expanded earnings base which will enable additional opportunities for growth in the future.
Synergies	— Significant synergies across Asia Pacific are expected based on strong collaboration between PGC and QTM
Revenue Diversification	— Diversification of revenue across product lines, customers and geographies
Recurring Revenue	— Merged entity anticipated to benefit from stronger recurring revenue streams through maintenance revenue
Growth in Aged Care	— Significant opportunities for Total Communications when the Aged Care sector returns to normalised operations

# Two new Directors join PGC Board



Shane Tanner

## Non-Executive Chairman

- Co-founder of Paragon Care
- Extensive commercial and financial experience
- Chairman of Zenitas Healthcare and Cronos Australia Limited



Geoff Sam OAM

## Non-Executive Director

- Over 35 years' experience in the health sector
- Board positions with ASX-listed companies and for-profit and not-for-profit hospital groups including Health Care and CML Group



John Walstab

## Executive Director

- Founder and MD of Quantum Health Group
- Over 38 years in medical equipment distribution across Australia with a focus on leading-edge healthcare technologies in Asia



Brent Stewart

## Non-Executive Director

- 25 years' experience in senior exec and board roles
- Professional background includes a wide range of experience in marketing, technology and strategic planning at both domestic and international levels



Mark Simari

## Non-Executive Director

- Former Managing Director and co-founder of Paragon Care
- Professional background includes over 12 years' experience in ASX listed entities, mergers & acquisitions, equity capital markets and business development



Alan McCarthy

## Non-Executive Director

- Experience spans public health and private health services across Asia Pacific for more than 32 years.
- Former CEO of Alpenglow Australia and SRG NZ
- Non-Exec Director of Q Scan and RHC Group Ltd and current CEO of AdvaHealth Solutions



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# Diversified offering provides revenue stability

(excluding Quantum Health Group)

## 1H FY22

Devices	\$40.5m	↑	0.5%	COVID-19 swab testing kit sales offset elective surgery bans in NSW & VIC
Diagnostics	\$13.9m	↑	10%	Growing sales of transplant diagnostics products; increase in manufacturing reagents used in blood banks; and increase in viral transport media used in COVID-19 testing
Capital & Consumables	\$47.0m	↓	11%	Impacted by elective surgery bans in NSW, VIC & NZ
Service & Technology	\$9.9m	↑	9%	Growing despite continuing to be adversely impacted by access restrictions in aged care
TOTAL REVENUE	\$111.3m	↓	3%	Revenue in Australia down by 2% on pcp to \$85.9m and revenue in New Zealand down by 6% to \$24.8m

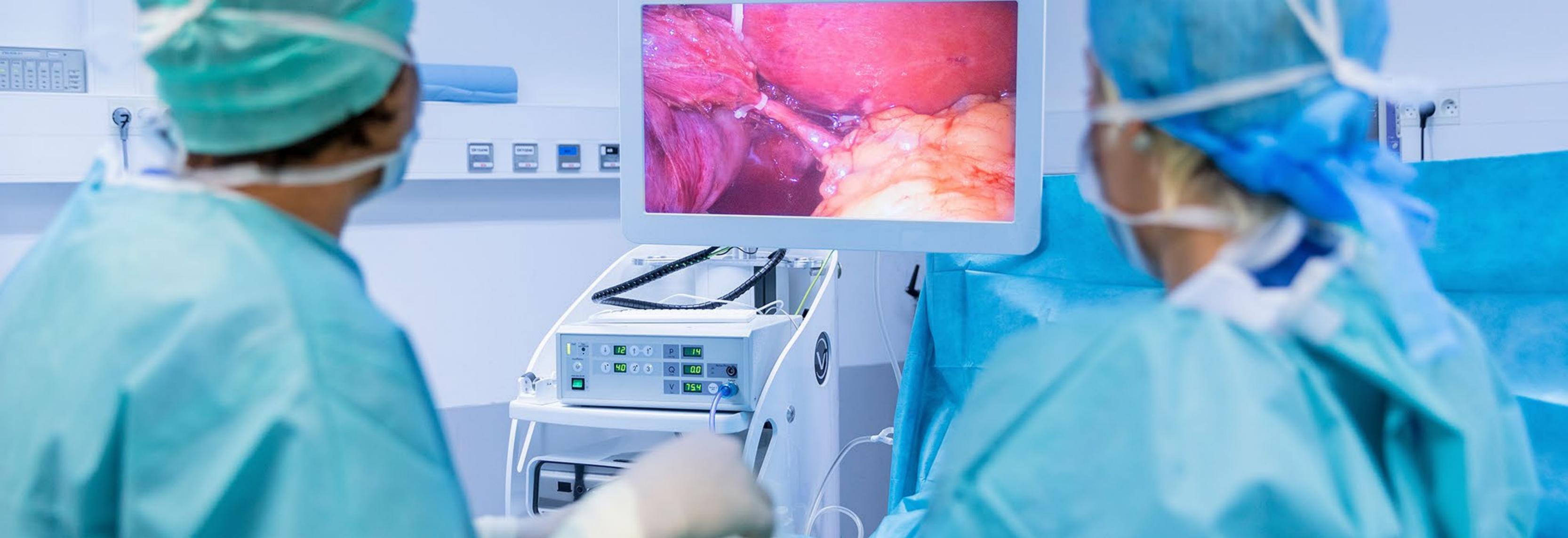
See Appendix for further details on the Paragon Care 1H FY22 financial performance compared to the previous corresponding period

# Interim fully franked dividend

- HY22 interim dividend of 0.6 cps, fully franked at 30% tax rate
- Paragon Care had \$17.7m in franking credits as at 30 June 2021
- Dividend re-investment plan
- DRP issue price will be 5 day VWAP from 21 March 2022 less 5.0%
- Last date for DRP election notices is 25 March 2022
- All Board members and CEO will be participating in the DRP

## Key Dates

Ex-dividend date	21 March 2022
Record date	22 March 2022
DRP election date	25 March 2022
Payment date	26 April 2022
DRP issue date	25 April 2022



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# Organic growth initiatives

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- Our 3-5 year growth plans include 15 identified opportunities with the potential to generate up to \$100M in revenue
- H2 FY22 gradual rebound from NSW, VIC & NZ lockdowns, specifically increased elective surgery cases in our Devices pillar
- As access to aged care facilities improves, Total Communications will return to its strong pre-COVID performance.
- Joint venture with Centuria Health to more than double manufacturing capacity in our world class proprietary blood reagent business which will facilitate the expansion of Immulab into China and other Asian markets.

# Introducing New CEO & Group Managing Director



MARK  
HOOPER

- Appointment announced in December 2021 to commence on 5 April 2022
- Former CEO of Sigma Healthcare (ASX:SIG)
  - Appointed MD & CEO of Sigma in August 2010
  - Effectively led Sigma through divestments, acquisitions, internal transformation and renewal of national distribution centre network
- Mandate to identify and execute upon the significant growth opportunities for the merged entity across Australia, New Zealand and Asia.





# APPENDIX

# 1H FY22 Profit & Loss

## Key Highlights

- Underlying EBITDA increased by 20% in 1H FY22, excluding the \$3m JobKeeper subsidy in 1H FY21, which was recognised as a reduction in employee benefits expense
- Stability in revenue was a solid result in a business environment which continued to be challenging
- Increase in gross profit margin to 42%, up from 38.7% in 1H FY22, due to higher margin sales mix and active FX management
- NPAT of \$5.4m, up 4% on pcp, representing EPS of 1.56cps

	1H FY22 31 Dec 2021	1H FY21 31 Dec 2020	CHANGE	
	\$m	\$m	\$m	%
Revenue	111.3	115.0	(3.7)	(3.0)%
Cost of sales	(64.6)	(70.5)	(6.0)	(8.0)%
Gross profit	46.7	44.5	2.2	5.0%
Gross profit margin %	42.0%	38.7%		
Other income	1.7	1.5	0.2	13.8%
<b>Operating expenses</b>				
Employee benefits expense*	(25.8)	(21.6)	4.2	19.6%
Distribution	(3.1)	(3.1)	0.1	3.3%
Occupancy	(0.7)	(0.8)	(0.1)	(10.8)%
Marketing	(0.4)	(0.4)	0.01	3.6%
Other	(4.2)	(5.4)	(1.2)	(22)%
EBITDA	14.1	14.7	(0.6)	(4.1)%
Depreciation and amortisation	(3.2)	(3.1)	0.1	3.3%
EBIT	10.9	11.6	(0.7)	(6.1)%
Interest expense	(3.2)	(3.8)	(0.6)	(15.7)%
NPBT	7.7	7.8	(0.1)	(1.3)%
Tax (expense)/benefit	(2.3)	(2.6)	(0.3)	(11.1)%
NPAT	5.4	5.2	0.2	3.6%

\* Includes \$3.0m JobKeeper in 1H FY21

# 1H FY22 Balance Sheet

## Key Highlights

- Net debt down by 9% to \$69.3m and net debt/equity ratio decreased to 35%
- The amortisation of debt resumed with \$4.5m repaid in 1H FY22
- Fully franked interim dividend of 0.6 cps declared

	1H FY22	1H FY21	CHANGE	
	31 Dec 2021	30 Jun 2020	\$m	%
Cash	28.4	33.2	(4.8)	(14)%
Receivables	20.0	26.2	(6.2)	(24)%
Inventories	53.3	51.6	1.7	3%
PPE	8.3	7.5	0.8	11%
Intangibles	150.5	151.4	(0.9)	1%
Total assets	279.4	291.9	(12.5)	(4)%
Trade and other payables	26.6	36.1	(9.5)	(26)%
Current borrowings	20.2	21.8	(1.6)	(7)%
Total current liabilities	69.2	82.2	(13.1)	(16)%
Non-current borrowings	77.5	80.5	(3.0)	(4)%
Other non-current liabilities	5.9	7.7	(1.8)	(23)%
Total non-current liabilities	83.4	88.2	(4.8)	(5)%
Total liabilities	152.6	170.4	(17.8)	(10)%
Net assets	126.8	121.5	5.3	4%
Issued capital	117.2	114.0	3.2	3%
Reserves	9.6	7.5	2.1	27%
Total equity	126.8	121.5	5.3	4%

*Note that this table is an extract of the Balance Sheet with only key line items included*

# 1H FY22 Cash Flow

## Key Highlights

- Decrease in operating cash flow compared with 1H FY21 which included a one-off cash boost from an improvement in the working capital cycle and also a \$5m cash receipt from JobKeeper received in 1H FY21
- Inventories increased in 1H FY22, adversely impacting operating cash flow
- Solid cash balance of \$28.4m, up from \$1.8m on pcp
- In 2H FY22, operating cash flow should be aligned with earnings when trading conditions are normalised post COVID

	1H FY22	1H FY21	CHANGE	
	31 Dec 2021	31 Dec 2020	\$m	%
Net cash from operating activities	3.9	15.5	(11.7)	(75)%
Net cash used in investing activities	(1.7)	(15.8)	(14.1)	(89)%
Net cash used in financing activities	(7.0)	2.3	(9.3)	
<b>Net increase/(decrease) in cash</b>	<b>(4.8)</b>	<b>2.1</b>	<b>(6.9)</b>	
Cash at beginning of financial year	33.2	24.5	8.7	35%
Cash at end of financial half year	28.4	26.6	1.8	7%

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